

Terms of Reference for the Local Pension Board for the Warwickshire Pension Fund

Conflicts of Interest Policy

Introduction

The Public Sector Pensions Act 2013 requires that members of the Local Pension Board (the Board) do not have conflicts of interests. As such all Board Members (Members) will be required to declare any interests and any potential conflicts of interests in line with legal requirements in the Act and the Pension Regulator's code. These declarations are required as part of the appointment process, as well as regular intervals throughout a Member's tenure to the Scheme Manager's satisfaction.

Conflict of Interests – General Principles

A conflict of interest is defined as a financial or other interest which is likely to prejudice a person's exercise of functions as a member of the Board. The basic principle in relation to conflicts of interest can be found in the High Court case of *Re Thompson's Settlement* [1986] where the Court held that:

'...a man must not put himself in a position where duty and [personal] interest conflict or where his duty to one conflicts with his duty to another unless expressly authorised'

Conflicts of interest may arise for Members and their advisers. This simply reflects the fact that individual Members and their advisers will have a variety of other roles and responsibilities outside the Board.

Members and their advisers must be able to identify potential conflicts of interest and have procedures in place to manage them. This document outlines the procedure the Members have adopted to do this.

Procedure

For this procedure to work the Members have agreed that they must:

- declare any actual or potential conflict of interest they may have;
- be open with each other on any conflicts of interest they may have;
- provide information reasonably requested to assess whether there is any actual or potential conflict of interest;
- adopt practical solutions; and
- plan ahead and agree on how they will manage any conflicts of interest which arise.

With these objectives in mind the Members have adopted the following procedure:

1. Maintaining a register of Members' interests which could give rise to a conflict.
2. Maintaining a register of interests which could give rise to a conflict covering the Members' advisers.
3. Each Member and adviser will sign an annual return confirming that their information contained in the register of interests is correct. The updated register will then be circulated to all Members and the Scheme Manager. These two events will be added to the Members' calendar of events distributed with each set of Member meeting papers.
4. The Board's Administration Manager is to identify any potential or actual conflicts of interest and to advise the Chair. The Chair in conjunction with the Scheme Manager is to decide on the action required and to advise the Members of any actions taken.

5. Any Member who feels that they, another Member or adviser has a conflict of interest must seek early advice from the Administration Manager.
6. Any member or advisor must withdraw from a Board meeting if they have a conflict of interest. The conflict of interest and the action taken must be recorded in the minutes.
7. If a conflict is identified outside of a Board meeting the Chair shall consult with the other Members prior to making a decision. The conflict of interest and the action taken must be recorded.

Management of confidential information

With regard to Members sharing confidential information received by them in their capacity as a Board Member with other parties, it is important to remember that each Member has a fundamental responsibility to act on behalf of the Board and this duty should not be compromised by acting on behalf of other groups. Confidential information is shared only for the purpose of the member carrying out the functions of the local pension board and should not be disclosed to any third parties or used for other purposes.

Advisors

There may be circumstances where advisors are asked to give advice to the Board but this can only happen where there is no conflict of interest. All of the Board's advisors have a professional responsibility to advise the Members if any circumstances arise in which they feel they are conflicted. These responsibilities and guidelines for dealing with actual or potential conflicts of interest are covered by rules of their respective professional bodies.